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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on the 18th December, 1970:—

BILL No. 134 OF 1970

A bill to provide for validation of certain proceedings in relation to direct taxes and for matters connected therewith

BE it enacted by Parliament in the Twenty-first Year of the Republic of India as follows:— Short title.

1. This Act may be called the Central Board of Direct Taxes (Validation of Proceedings) Act, 1970. Validation of certain proceedings.

2. Notwithstanding any judgment, decree or order of any court or any other authority, no approval, declaration, determination, recognition, direction, instruction, notification, order or rule, or other thing or action given, made, granted, issued, done or taken or purporting to have been given, made, granted, issued, done or taken by the Central Board of Direct Taxes, constituted under the Central Boards of Revenue Act, 1963, in the exercise of the powers or the performance of the duties entrusted to it by the Central Government or by or under any law (not being the Estate Duty Act, 1953) shall be deemed to be invalid or ever to have been invalid by reason only of the fact that such approval, declaration, determination, recognition, direction, instruction, notification, order, rule, thing or action was given, made, granted, issued, done or taken by any member of the said Board to whom the powers or duties in that behalf had not been

54 of 1963.

34 of 1953.

validly entrusted in accordance with the provisions of the aforesaid 1963 Act or the rules made thereunder; and accordingly—

(*a*) all acts, proceedings or things done or taken in pursuance of such approval, declaration, determination, recognition, direction, instruction, notification, order, rule, thing or action shall, for all purposes, be deemed to be, and to have always been done or taken in accordance with law; and

(*b*) no suit or other proceeding shall be instituted or continued against the Government or any person or authority whatsoever on the ground that any such act, proceeding or thing was not done or taken in accordance with law.

STATEMENT OF OBJECTS AND REASONS

Recently in the case of Shri R. Dalmia *v.* Union of India and others, the High Court of Delhi held that the notices issued to the petitioners under section 148 of the Income-tax Act, 1961, for the re-assessment of income which had escaped assessment, were null and void as the sanction of the Central Board of Direct Taxes to the issue of such notices, as required by section 151 of the Income-tax Act, was granted by a Member of the Board to whom this work had not been validly allocated with the previous approval of the Central Government as envisaged by rule 4 of the Central Board of Direct Taxes (Regulation of Transaction of Business) Rules, 1964. During the period from June, 1964, till about July, 1969, distribution of work among the Chairman and Members of the Central Board of Direct Taxes had been made from time to time without making it clear on the face of the order that such distribution had been made with the prior approval of the Central Government. According to the decision of the Delhi High Court, various actions taken by the Chairman and Members of the Board in pursuance of those orders of distribution of work are liable to be regarded as invalid and without jurisdiction.

2. Under the provisions of the Income-tax Act, and other enactments relating to direct taxes, the functions of the Board cover a very wide range and include the declaration of foreign associations to be companies for purposes of taxation, distribution of jurisdiction amongst Income-tax authorities, approval to the waiver or reduction of minimum penalty imposable in cases of voluntary disclosure of escaped income or wealth, besides grant of approval to re-opening of assessments for the assessment or re-assessment of escaped income. The effect on revenue if these actions of the Chairman and Members of the Board are held to be invalid—due to the absence of the previous approval of the Central Government to the distribution of work amongst them—would be very considerable and it is not practicable even to hazard an estimate in this behalf. It is, therefore, necessary to validate all such actions, taken in the past in pursuance of schemes for distribution of work amongst the Chairman and Members obtaining from time to time. The Bill seeks to give effect to this object.

NEW DELHI;
The 8th December, 1970.

Y. B. CHAVAN.

S. L. SHAKDHER,
Secretary.

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